

THRU : Chief, D/A/RR  
          Chief, Coordination  
          Acting Chief, D/E/RR

10 June 1955

"Alternative Possibilities in Trade Control Policy" -  
Draft of 7 June 1955

1. D/E is pleased to note the further improvements in this draft. A stronger basis now exists for the positive attitude previously reported. This new approach not only has the important advantage of novelty, but, on theoretical grounds, should provide a formula for measurably strengthening the trade control structure and of maximizing its impact on the Bloc war potential.

2. One further comment seems desirable, though it need only be recorded at this stage for consideration when the "new approach" reaches the stage of implementation. D/E questions whether it would not be a much more expensive intelligence operation (i.e., to endeavor to develop the necessary intelligence base required for cost comparisons) than the direct intelligence approach of finding out what is of comparatively high cost from the direct evidence of procurement efforts, of shortages of materials, of production programming, of efforts to improve technological processes, of inter-industry coordination problems, of factory bottlenecks, etc., etc. Furthermore, the direct intelligence approach would seem clearly to have the important advantage of timeliness. For example, data on costs and prices become available mainly after production is well under way, whereas direct intelligence may obtain evidence of conditions which cause high comparative costs at a much earlier stage.

D/E/RR:HDO:gw  
Distribution:  
1 - Ch/E